

AI has a legal duty to bargain in good faith throughout these negotiations. Many of the concerns of the parties are unfounded and predicated upon the mistaken assumption that the parties may not uphold their end of the agreement.

8. (Resolved)

9. (Resolved)

10. Third- Party Intellectual Property Rights

In addition to AI being required to use its "best efforts" to obtain third-party intellectual property rights for Level 3 to and for the sue of interconnection, network elements, functions, facilities, products and services, should AI required to indemnify Level 3 against any claims or losses.

Level 3's Position:

At issue, according to Level 3, is the extent to which AI is required to obtain any consents, authorizations, or licenses to or for any third-party intellectual property rights that may be necessary for Level 3's use of interconnection, network elements, functions, facilities, products and services furnished under the agreement. AI must use its "best efforts" to obtain intellectual property rights for Level 3, as required by the FCC and as defined in Level 3's proposal. Level 3 further claims that the terms and conditions proposed by AI discriminate against it in violation of the Act and the FCC's direction, because they would require Level 3 to indemnify AI if its interconnection with AI or its use of AI's UNEs or services infringe upon any third-party intellectual property right.

Ameritech's Position

AI must use its "best efforts" to obtain intellectual property rights for Level 3 as required by the FCC and as defined in AI's proposal. AI, however, cannot be required to indemnify Level 3 against claims or losses arising from Level 3's use of such intellectual property.

Analysis and Conclusion

We believe it to be settled that AI will use its "best efforts" to obtain third-party intellectual property rights for CLECs to use AI's UNEs, OSS and interconnection. Indeed, under the FCC's Intellectual Property Order, as AI recognizes, an ILEC must use its "best efforts" to obtain such intellectual property licenses.

The question might remain, however, whether AI should be required to indemnify Level 3 against any "claims or losses for actual or alleged infringement of any intellectual property right or interference with or violation of any contract right." (GT7C 14.5.3). On this point, which Level 3 does not address, AI refers us to the FCC's recent pronouncement that its Intellectual Property Order did not require ILECs to indemnify CLECs for any intellectual property liability associated with their use of UNEs. (See, Texas 271 Order)

Level 3 also maintains that the FCC requires the ILEC to use its best efforts to obtain co-extensive rights for CLEC use of UNEs. To this end, Level 3 suggests a flaw in AI's latest proposal to the extent it states that AI has no obligation to seek rights for CLECs "to use any unbundled network element in a different manner than used by [Ameritech]". According to Level 3, the CLEC is entitled to the panoply of rights obtained by AI - not merely those that AI uses in its network.

In its Third Party IP Ruling, the FCC clarified an ILEC's obligations to provide non-discriminatory access to network elements, and its Order includes these directives:

- Section 251(c)(3) requires only that the intellectual property rights provided to a requesting carrier will entitle that carrier to use the element for the same uses as the ILEC (para. 16)
- To the extent that the requesting carrier intends to use the element in a different manner (e.g. in combination with some other element not contemplated by the ILEC's particular license) the requesting carrier is solely responsible for obtaining this right from the vendor. (para. 16).
- in order to limit its use to that contemplated by the contract, a competing carrier needs to know the extent to which the ILEC is entitled to use a particular element, such that parties need to negotiate a reasonable means of conveying this information while honoring the terms of confidentiality. (para. 17),

We see that each of these directives is reflected in the latest version of AI's Section 14.5 and that the FCC's Order is itself referenced therein. To the extent that Level 3 perceives itself subject to infringement claims simply because it is not using UNEs in exactly the same manner as AI, we direct its focus to the language in paragraph 16 of the Third Party IP Ruling. This provision provides guidance relevant to its concerns.

In response to Level 3's complaint, AI tells us that use of the phrase "commercially reasonable terms" (Section 14.5.1.1) does nothing to diminish its obligation to use its best efforts to obtain co-extensive rights for Level 3. It merely makes clear that AI is not obligated to obtain co-extensive rights from third parties under wholly unlawful terms and conditions. While Level 3 would have AI's language

be replaced with some other wording to reflect more accurately the FCC's order it offers no language of its own.

In the final analysis, we find no legal infirmity in AI's language and would further note that Level 3 provides no substitute language for our consideration and review.

11. (Resolved)

12. (Resolved)

13. (Resolved)

14. Assignment

Should both parties be required to seek prior written approval of assignments and transfers of the agreement? What notice should be required?

Level 3's Position

Level 3 proposes that both parties be required to seek prior written approval of assignments and transfers of the agreement, including sales and exchanges. In its view, the parties should not unreasonably withhold consent of assignments. It also proposes that 30-days' advance notice of assignments, rather than AI's proposed 90 days, is sufficient.

Ameritech's Position

A CLEC may not assign or transfer its agreement to third persons without the prior written consent of AI; except that a CLEC may assign or transfer its agreement to an affiliate by providing ninety days' prior written notice of such assignment or transfer.

AI believes that this Order does not address the following issues; (1) a right to approve the assignment of interconnect agreements to affiliates, who have existing agreements with AI, (2) an agreement on charges prior to any actual valve charges; and (3) the required days' notice of assignment.

Analysis and Conclusion

Level 3 and AI both want the other parties to seek prior approval of the transfer or assignment of this agreement to another party. However, AI objects, stating that this is not a symmetrical situation and it should not be required to get the approval of CLECs to transfer or assign agreements.

The purpose of seeking this type of approval is to assure the parties that in the event of transfer or assignment they will not receive anything less than what they bargained for. We agree with AI's position. As the ILEC, it bears most of the burdens in these transactions. It is almost certain that, should it transfer or assign any rights, it will be to an equal or superior status. The same cannot be true of all CLECs. As the ILEC, AI is here to stay; any transfer or assignment to another company would involve close scrutiny by many regulatory bodies before it took effect. However, a CLEC transfer could occur in a short time and compel the ILEC to do business on terms which it normally would not accept. For that reason we believe that it is necessary for Level 3 to seek approval from AI prior to transfer or assignment of its rights under the agreement. We do not hold that the same is necessary for AI.

We find that AI has a legitimate concern when a CLEC seeks to transfer to an affiliate. First, AI is entitled to determine that the affiliate has the same ability to pay for the services provided. Secondly, an affiliate that has a prior agreement may now have two agreements. We expect AI not to delay a transfer for any reason other than to make the determination of the affiliate's means. The second sub-issue is a little less clear; AI does not propose any language to solve that problem, nor does Level 3. The affiliate therefore, would have the option after approval of the transfer by AI, either to opt into or merge the Level 3 agreement into its own. The reason for allowing this election is to ensure that AI's decision is based solely upon the criteria in its first sub-issue.

We agree with AI that the example posed by Level 3 is different from this situation. As posed by AI there are certain physical things that may be required to be done prior to transfer. However, we conclude that 60 days would be an adequate time to effectuate these acts. It would be unfair to impose an unduly long interval constraint on Level 3 to accomplish a transfer.

15. (Resolved)

16. (Resolved)

17. (Resolved)

18. Combinations of UNEs Generally

Should Level 3 be given the ability to combine Unbundled Network Services with tariffed services other than access services?

Level 3's Position

In Appendix UNE, Section 2.9.8, AI would prohibit Level 3 from combining UNEs with any AI-tariffed service offering except collocation. Level 3 proposes amending the language of Section 2.9.8 to read "Unbundled Network Elements may not be connected to or combined with Ameritech Illinois Access Services."

Ameritech's Position

Section 2.9.8 should include the language proposed by AI which prohibits UNEs from being combined with AI access services or other AI-tariffed services, except for tariffed collocation services.

According to AI, the Act does not require it to allow combinations of UNEs with tariffed services other than tariffed collocation services. Therefore, the issue here is whether the agreement should bar Level 3 from combining UNEs with other AI-tariffed services.

To the extent that Level 3 relies on 47 C.F.R. 51.309(a), which states that an ILEC may not restrict the use of UNEs in a manner that would "impair the ability of a requesting telecommunications carrier to offer a telecommunications service in the manner the requesting carrier intends," AI maintains its proposed language does not violate the rule.

AI maintains that there is nothing in the Act or FCC rules which entitles Level 3 to combine UNEs and tariffed services. Moreover, AI contends that Level 3 has not shown that its present, future or potential business plans would in any way be affected by an inability to combine UNEs and services.

Staff's Position

Staff recommends that Section 2.9.8 read as follows: "Unbundled Network Elements may not be connected to or combined with Ameritech Illinois access services."

Analysis and Conclusion

In this issue, Level 3 seeks the ability to combine UNEs with tariffed services other than access services. To that end, Level 3 seeks to limit the language of Appendix UNE, Section 2.9.8 to preclude only combination of UNEs with access

services. AI asserts that the Act does not require it to allow combinations of UNEs and tariffed services other than tariffed collocation services. We agree that Level 3 is barred from combining UNEs with other tariffed services.

AI notes that when the FCC addressed loop-transport UNE combinations, that agency discussed three options through which CLECs could meet the conditions to lease such a combination. In each option, the FCC stated that "[t]his option does not allow loop-transport combinations to be connected to the incumbent LEC's tariffed services." *Supplemental Order Clarification*, para. 22(a), (b), and (c). The plain meaning of this language, repeated in each option presented to the CLECs, is that UNEs are not to be combined with tariffed services. Although the *Supplemental Order Clarification* discusses this issue in terms of EELs, Level 3 does not offer evidence that the principle set forth by the FCC should not apply to other UNEs.

So too, we are directed to paragraph 28 of the *Supplemental Order Clarification* wherein the FCC states that "...the co-mingling determinations that we make in this order do not prejudice any final resolution on whether unbundled network elements may be combined with tariffed services." (emphasis added). Given this particular choice of words, the FCC appears to tell us that, as of now, UNEs may not be combined with tariffed services.

Level 3 relies on Section 251(c)(3), *codified at* 47 C.F.R. 51.309(a), which states that an ILEC may not restrict UNEs in a manner that would "impair the ability of a requesting telecommunications carrier to offer a telecommunications service in the manner the requesting carrier intends." (Level 3 brief at 59.) We agree that, inasmuch as Level 3 could not identify any existing or hypothetical situation where it seeks to combine a UNE and a tariffed service, it is not "impair[ed]" in its ability "to offer a telecommunications service in the manner the requesting carrier intends." Intent requires a certain degree of specificity in determining a business plan or strategy. When an organization lacks any concrete example or desired outcome, as is the situation here, it cannot then argue that it is hampered in pursuing its strategy or service offering.

19. Enhanced Extended Loops ("EELs")

Should a CLEC be allowed to count ISP traffic as local for the purposes of qualifying for EELs?

Is a CLEC required to use AI's standard certification form? What, if any, termination and nonrecurring charges must Level 3 pay AI to perform such special access conversions?

Level 3's Position

ISP traffic should be counted as local traffic for the purpose of obtaining EELs. The ICC's current position is that ISP traffic is local. Level 3 should not be required to use AI's certification form. All the FCC requires is a letter setting out the request and the basis under which Level 3 would qualify. The AI form goes beyond the FCC requirements and would hinder market competition. Level 3 should not be required to pay termination and recurring charges for the implementation of EELs.

AI is entitled only to forward-looking non-recurring charges for any functions actually performed for special access conversions.

Ameritech's Position

Level 3 should use AI's standard certification form; cannot treat ISP-bound traffic as local for these purposes; and must pay applicable termination and nonrecurring charges.

Staff's Position

Staff contends that the "practical method of self-certification" adopted by the FCC is all that should be required of a CLEC. Thus, a CLEC should be required only to send a letter to the ILEC indicating under what usage option the requesting carrier seeks to qualify. Staff maintains that AI's requirement for Level 3 to pay applicable termination charges for special access converted to EELs is consistent with FCC rules. Any termination penalties, however, must be reasonable and comply with the Uniform Commercial Code and common law. Similarly, Staff believes that AI's requirement that Level 3 pay applicable service ordering charges and other administrative charges when it converts special access service to EELs is reasonable, provided that the service ordering charges are themselves reasonable and reflect the costs AI actually incurred.

Analysis and Conclusion

AI has a standard certification form that it requires for seeking a special access conversion. Level 3 avers that all the FCC requires is a letter setting forth a request and the local usage option under which the requesting carrier seeks to qualify. Staff has filed an opinion on this issue which essentially agrees with Level 3.

Under the FCC rules a letter is all that is required and is sufficient for the purposes of this agreement. AI's certification goes beyond the FCC requirements and would tend to hinder, not promote CLEC growth. Would AI be able to deny an EEL if a party failed to fill out part of the form but in all other respects complied with the FCC requirements? The additional requirements are surplus and should be voluntary.

In accordance with our decision in the Focal case, ISP traffic should be regarded as local for the purposes of EELs. There we expressly stated, "based upon the totality

of the circumstances, we conclude that, for the purposes of the self-certification requirement, Focal should be allowed to count ISP traffic as local.” However, the CLEC must state clearly in its letter on which of the three grounds it is seeking certification.

The FCC and various state commissions have held consistently that the CLEC should remain responsible for termination fees. There is no reason at this point to take a fresh look at termination charges. We agree with AI that if the FCC felt a fresh look were mandated or appropriate it would have said so in its UNE remand.

We also agree that AI is entitled to non-recurring charges for special access conversions. As it points out, these reimbursements are to compensate for the actual costs involved in the conversion. However, those charges should reflect the actual costs incurred on a TELRIC Basis

20. Local Loop Definition

Should AI be required to notify Level 3, within 60 days of deployment, of the availability of untariffed high capacity loops?

Level 3's Position

Level 3 seeks to have AI provide it with notice of the availability of new untariffed high capacity loops within 60 days of deploying such loops in its network. According to Level 3, AI's testimony indicates that it will provide Level 3 with notice when it is deploying a tariffed high capacity loop, but it is unknown if all loop offerings will be tariffed. Level 3 contends that if a high capacity loop offering is not tariffed, it will have no way of knowing whether such loops have been deployed. Hence, it requests some type of written notification to that effect.

Ameritech's Position

AI should not be required to provide notice to CLECs of the availability of higher capacity loops after they are deployed in its network other than the notice already provided via tariff filing. AI's proposed language in Appendix UNE 7.1 faithfully implements ILEC obligations under the FCC's UNE Remand Order and, therefore, this language should be adopted. The notice Level 3 requests should not be required.

Analysis and Conclusion

This dispute centers on whether AI should be required to give notice to Level 3 of the availability of untariffed new high capacity loops within 60 days of deployment. We view this “notice” request as reasonable and believe that, for the convenience of both parties, such notice requirement can best be satisfied by a posting on AI's website.

21. (Resolved)

22. Dedicated Transport

Is AI required to provide unbundled dedicated transport not only to locations required by FCC Rule 319 but also between AI and another carrier where Level 3 has a presence? Is AI required to give notice to Level 3 within 60 days of the deployment of high capacity dedicated transport in the AI network?

Level 3's Position

Level 3 maintains that it should be able to order unbundled transport from AI to a point of presence it maintains in a third-party carrier's office where such transport exists. Further, AI should provide Level 3 with notice of the availability of new untariffed high capacity transport offerings within 60 days of deploying such transport in its network.

Ameritech's Position

Unbundled dedicated transport is required only between the locations designated by the FCC in Rule 319 (d)(1)(I), and offices owned by third parties do not fall within this definition. There is no reason why Level 3 should receive notice of new facilities in a form any different than any other CLEC.

Analysis and Conclusion

Just as Level 3 has pointed out that the FCC requires only a letter rather than a form for certification, the FCC's Rule 319 has designated dedicated transport obligations to locations "owned" by the requesting carrier or the ILEC. We agree with AI that it does not have an obligation to provide dedicated transport to the third party locations even if Level 3 has a presence there. That there is another method available does not diminish AI's argument; in fact, it actually enhances the argument. Level 3 is not foreclosed from obtaining the transport, but may obtain it by having the third party order the dedicated transport and then Level 3 could obtain access through a cross connect. This would be in accord with the FCC's position on this matter. While it may not be the most efficient method, it still is the one mandated by the rules.

It is AI's position that it is sufficient to post notice on its web site (AI brief at 57). We agree that this is a proper method that affords all CLECs an equal opportunity to obtain such notice. While the original method of posting as part of its tariff tended to divert attention from the announcement, the web site is readily available to all CLECs.

AI is directed to post within 60 days, at its web site TCNET.Ameritech.com, high capacity transport offerings and updates.

23. Payload Mapping

Is Level 3 entitled to payload mapping in the same manner and extent as AI treats itself and other CLEC's?

Level 3's Position

AI should be required to provide Level 3 with payload mapping in any technically feasible manner.

Ameritech's Position

AI will provide payload mapping to Level 3 to the same extent that it provides payload mapping to itself or to any other CLEC. Specifically, AI will provide Dedicated Transport as a point-to-point circuit dedicated to the CLEC at the following speeds: DS1 (1.544 Mbps); DS3 (44.736 Mbps); OC3 (155.52 Mbps); OC12 (622.08 Mbps); and OC 48 (2488.32 Mbps). AI will provide higher speeds to CLECs as they are deployed in its network.

Analysis and Conclusion

It appears that all Level 3 wants is to be treated the same way AI treats itself and other carriers. To this end, we believe it reasonable and hereby direct AI to provide payload mapping to Level 3 to the same extent that it provides payload mapping to itself or to any other CLEC in Illinois.

24. Dark Fiber

What percentage of spare dark fiber should a CLEC be allowed in a requested segment?

Level 3's Position

Level 3 seeks to obtain access to up to 50% of AI's spare dark fiber. Level 3, like any carrier, contends that it needs to access enough fiber along any given route to ensure adequate redundancy in the provision of services. Level 3 agrees with AI's definition of spare parts that already excludes maintenance spares, defective fibers, and fibers reserved for AI's forecasted growth from the fiber that will be available to CLECs. Therefore, relatively few fibers may be available to CLECs in any given

segment and the 25% limitation AI proposes could prevent a CLEC from obtaining necessary redundancy along that route.

Level 3 wants to ensure that the Order provides for redundancy if it requires more than 25% of AI's spare dark fiber.

Ameritech's Position

AI maintains that Level 3, and all other CLECs, should be permitted to obtain access to up to 25% of AI's spare dark fiber. Given that the supply of dark fiber in AI's network is limited, as even Level 3 concedes, it is appropriate to place reasonable limits on the amount that any one CLEC may request.

AI further points out that there is no support for Level 3's assertion that it requires up to 50% of the spare dark fiber, or that 50% somehow constitutes a "practical quantity." Finally, AI claims that there is no conceivable reason for granting Level 3 access to 50% while other CLECs are limited to 25%.

Analysis and Conclusion

Level 3 points out that the only time that 50% of available fiber is significant is when only a few fibers remain and it needs whatever additional fiber is available. It then seems that 25% is acceptable for most situations. In light of the fact that there are other CLECs who will be making demands on AI, it appears that 25% is the appropriate level. However, when the smallest amount of available fiber in a segment is greater than 25%, Level 3 shall be entitled to the next available percentage of fiber necessary to achieve redundancy. This should address the concerns of Level 3 and ensure that AI has available fiber for other CLECs.

25. Diversity

Should diversity be made available at specifically defined TELRIC rates or can they be negotiated by the parties on a cost recovery basis?

Level 3's Position

Upon Level 3's request, and where such interoffice facilities exist, AI should be required to provide physical diversity for unbundled dedicated transport at rates compliant with the Act. Level 3 asserts that diversity should be made available at specifically defined TELRIC rates in accordance with Section 251(d) whereas AI would price diversity on an individual case basis because diversity could involve both equipment and transport. If diversity is provided using any of the unbundled dedicated transport offerings priced in the agreement, those prices should apply.

Ameritech's Position

AI has no legal obligation to provide individual CLECs physical diversity that does not already exist on its network. If Level 3 requests such diversity, it is reasonable for the parties to negotiate appropriate rates that will allow AI to recover its costs for providing such additional service. While Level 3 would strike language to that effect, it offers no legal, technical or policy basis for its position. To the extent that Level 3 suggests that it might be willing to pay TELRIC rates, AI maintains that diversity is not a UNE or form of interconnection and thus is not subject to the FCC's TELRIC rules. According to AI, if it provides diversity for a CLEC on request, it may incur significant additional costs for the additional facilities, equipment, and work needed to achieve such diversity and, hence, must be allowed recovery of those costs. This is what AI's proposed Section 9.4.2 of Appendix UNE would require.

Analysis and Conclusion

"Diversity" is the general term for network arrangements that allow a call to be completed over an alternative route if, for some reason, the primary or usual route is not available. Routing diversity involves alternative physical arrangements designed to ensure service continuity where, for example, a fiber optic cable is inadvertently severed during digging operations. Physically diverse routing is particularly valuable in serving customers, such as financial institutions, needing extremely reliable communications capabilities that will survive all types of physical disasters or potential disruptions.

The parties agree that AI will provide Level 3 with routing diversity where requested and where required facilities exist. The disputed issue concerns the proper pricing of this diverse routing.

AI is correct in maintaining that diversity is not a UNE or a form of interconnection and, therefore, is not subject to the FCC's TELRIC rules. Nevertheless, we believe it proper that, to the extent individual components of a diverse routing arrangement constitute a UNE, these should be priced at TELRIC. Specifically, the UNE components of diverse routing (such as interoffice transport) should be priced at TELRIC levels. Any other non-UNE components, such as additional required equipment, should be priced at rates negotiated between the parties.

26. (Resolved)

27. Point of Interconnection

After having established a POI in each local access and transport area ("LATA") in which Level 3 provides local exchange service, at what level of traffic should Level 3 be required to establish a POI at the AI access tandems?

Level 3's Position:

Level 3 believes that it should be permitted to establish a single POI in each LATA in which it provides local exchange service. An additional POI should be established at an AI access tandem once the traffic exchanged between Level 3 and AI, with respect to that AI access tandem and subtending end offices, meets or exceeds an OC-12 level.

Ameritech's Position

Given that Level 3 initially will establish a single POI in each LATA in which it provides local exchange service, it should be required to establish an additional POI at each AI access tandem once the traffic exchange between Level 3 and AI with respect to that tandem and its subtending offices meets or exceeds a DS-3 level.

Staff's Position

Staff maintains that the requirement for a new POI at the OC-12 level is reasonable and would encourage deployment of efficient competitive fiber networks as the traffic volume grows.

Analysis and Conclusion

Level 3 currently has one POI in the Chicago LATA, which is located in downtown Chicago at the Wabash Tandem. From there, Level 3 traffic is routed to its switch about eight blocks away. AI has eight tandems located throughout the Chicago Area. NXX calls are transported by AI to the POI downtown and then by Level 3 to its switch. AI wants Level 3 to establish POIs at the tandems around the area. Once transferred to a POI, Level 3 would bear the cost of the transport. The closer to the initial call the POI is the less AI has to pay for transport. Each of the parties has suggested a level of traffic at which a POI should be installed.

AI suggests a DS-3 level or 672 calls being transmitted simultaneously. Level 3 suggests an OC-12 level or 8064 simultaneous call paths occurring simultaneously over the network. Staff agrees that OC-12 is an acceptable level. A DS-3 represents about 0.5% at a tandem, while OC-12 is about 5.7% lines behind the tandem. Level 3 admits that 95% of its traffic is ISP. The rapid continuous growth of the internet suggests that it is only a matter of time before Level 3 will have to install additional POIs in the Chicago LATA.

The installation of POIs affects other issues in this and future arbitrations. With a POI installed in a tandem the issue of the cost of regular and virtual NXX number transport all but disappears. The question then is, what is the appropriate level of traffic?

The average tandem in the Chicago area services about two to three hundred thousand terminus sites. At 672 peak calls, POI installation would be accelerated but would place an unfair burden on CLECs. Once again, the purpose of the Act was to encourage and foster CLEC competition through various protective schemes. To set the figure too high would place an extra burden on the ILECs and discourage fiber and technical growth in the Chicago LATA.

Further, the FCC has determined that a CLEC need have one only POI per LATA. The FCC in an amicus curiae brief filed in AT&T v. Hix states, "CPUC (Colorado Public Utility Commission) erroneously relied upon economic considerations in requiring additional points of interconnection. The 1996 Act 'bars considering costs in determining technically feasible points of interconnect access.'" (FCC Order 199.) If it were the desire of the FCC or the legislature to require more than one POI per LATA, that could have been expressed in the statutes. AI has only unsubstantiated statement that only one POI will affect service and presumably make a higher level technically infeasible. Some commissions have recognized the potential need for additional POIs. Level 3 has agreed to place other POIs in the Chicago LATA. However, we have already rejected the distance argument AI posed in Focal, as well as its free ride argument. The suggestion of OC-12 is reasonable under the circumstances, a level with which Staff agrees, and which does not pose any hardship for AI.

We feel that the threshold should be set at an optical carrier level. The FCC requires a CLEC to have only a single POI per LATA where technically feasible and multiple switching access charges have no bearing on technical feasibility. Both Level 3 and Staff have stated that OC-12 is an applicable standard. Level 3 should be afforded every opportunity to establish itself in the Chicago LATA and to progress at a speed that is commensurate with sound economic growth. By allowing sufficient time and traffic to build up before requiring a POI to be established would accomplish this end and further ensure that Level 3 would be able to supply up-to-date technology. We agree that OC-12 represents the appropriate threshold level of traffic before requiring a POI to be established.

28. (Resolved)

29. (Resolved)

30. (Resolved)**31. Forecasting**

Is Level 3 entitled to written confirmation from AI that it has received Level 3's forecasts and has included such information in its own forecast?

Level 3's Position:

Level 3 asks to receive written confirmation from AI stating that it has received Level 3's forecast and has included such information in its own forecast. According to Level 3, if AI uses such forecasts in its own planning, it may help AI to meet its obligations for provisioning trunks to Level 3. Further, Level 3 believes that AI should be obligated to provide notice of tandem exhaust situations and, pursuant to FCC rules, notice of any network expansions, software and hardware upgrades or other network changes that would preclude AI from completing Level 3's orders. Such information is critical, Level 3 claims, to its planning process and reasonably related to improving its ability to serve its customers and add new customers to its network.

Ameritech's Position

AI's brief indicates that this matter is resolved.

Analysis and Conclusion

The particular notices which Level 3 seeks are, in our view, both reasonable and necessary. To be sure, each of these measures is intended to improve Level 3's ability to serve its customers and add new customers to its network. To the extent this may impose any undue burden on AI, we have not been so informed and will not speculate. Level 3's request is granted.

32. Trunk Blocking

Should the trunk-blocking objective be set at .5% or 1%?

Level 3's Position

Level 3 has requested a blocking objective of 0.5% for all trunk groups measured during peak usage.

Ameritech's Position

AI proposes a blocking objective of 1% for all trunk groups measured during peak usage. It asserts that there is no legal or policy basis for Level 3's request that the Commission require AI, whose network functions at the industry standard and long-established 1% blockage level, to redesign its network in order to achieve the 0.5% level that Level 3 desires. AI states that its network is designed so that during the busiest hour of an average day in the busiest month, 10 out of every 1,000 calls will be blocked because no trunk is available to carry them. According to AI, this 1% blockage rate is standard in the industry and has been the accepted norm in Illinois for years.

Staff's Position

Staff recommends that AI's blocking objective of 1% for all trunk groups, as measured during peak usage, be adopted because it is consistent with the standards set out in the Administrative Code.

Analysis and Conclusion

Staff witness Green concurs that the telecommunications industry has for decades engineered its trunking facilities at a P.01 and P.02 level of service which equates to one or two calls in 100 being blocked in the busy hour. His testimony shows that AI should be required to provide only the standards set out in the Administrative Code and not the higher standards requested by Level 3 which would force AI either to enhance the current network that it provides to itself and to other CLECs or to build a separate network just for Level 3. According to Staff, both of these measures would require AI to incur substantial costs with little or no benefit to telecommunications services in Illinois. We are convinced by the evidence and the underlying analysis here presented that AI's position is correct, reasonable, and should be followed.

33. Trunk Utilization

Should Level 3 be allowed to order additional trunks at 50% utilization or 75% as requested by AI?

Level 3's Position

Level 3 would like to have the ability to order additional trunks, based on trunk forecasts, when its existing trunks are at the 50% utilization level. In Section 8.4 of Appendix ITR, however, AI proposes to restrict orders for additional trunks until Level 3 has reached a 75% utilization level.

Ameritech's Position

Level 3 should be permitted to order additional trunks, based on trunk forecast, when its existing trunks are at a 75% utilization level. When Level 3's existing trunks reach a 50% utilization level, AI would like to accommodate projected increases in Level 3 traffic by (1) increasing Level 3's utilization of existing trunks to 75% and (2) allowing Level 3 to order new trunks when its utilization reaches 75%.

Analysis and Conclusion

The issue is whether Level 3's trunks are to be configured for 50% utilization, as Level 3 proposes, or 75% utilization, as AI proposes. Level 3 argues that a 75% utilization level would give AI a competitive advantage and restrict Level 3's ability to add high volume customers to its network. Additionally, Level 3 argues that AI's proposal would require Level 3 to plan carefully in several ways and on several levels to be sure that additional trunks will be ordered in time to be turned up within AI's provisioning intervals. AI maintains that its proposal encourages Level 3 to make efficient use of the network without imposing inefficient buildout costs for new trunks before they are necessary.

A utilization level set at 50% would require AI to install new trunks even though Level 3 would have to double its total traffic volume before the existing trunks of Level 3 were fully used. The ability of AI to reclaim unused trunks does not eliminate this problem as there are no assurances that AI would be able to put those trunks to use and AI would thereby wind up with stranded installation costs. In our view, requiring Level 3 to be more efficient, i.e., plan carefully, outweighs having AI incur unnecessary cost. Thus, AI's position will prevail on this issue.

34. Indemnity

AI seeks specific protection for any unauthorized misuse of its OSS that is achieved via Level 3's systems.

Level 3's Position

The agreement already protects AI adequately and Level 3 should not be held responsible for the actions of other parties beyond its control.

Ameritech's Position

AI needs additional protection from the unauthorized misuse of its OSS by Level 3's users or employees. AI asserts that it should not be liable for the acts of others.

Analysis and Conclusion

While AI's concerns regarding the potential dangers to its OSS may be valid, it is unreasonable to require Level 3 to indemnify for the acts of others. The fact that a Level 3 customer causes harm to AI's OSS is not Level 3's responsibility. It is the equivalent of asking Level 3 to vouch for the good conduct and behavior of all its subscribers. This would amount to a near impossibility. Even employers are not required to vouch for the certain conduct of their employees unless they knew or should have known of their propensities.

AI's indemnity argument is flawed. The language seems to imply that Level 3 should indemnify AI for all claims regardless of fault. There is not any justification for that kind of language. As Level 3 points out in its brief, AI has recourse based upon the general provisions of the agreement.

35. (Resolved)

36. (Resolved)

37. (Resolved)

IV. COMPLIANCE WITH ARBITRATION STANDARDS

Pursuant to Section 252(c), state commissions are required to apply three standards when resolving open issues and imposing conditions upon parties to an Interconnection agreement in arbitration. The first standard requires the agency to ensure compliance with Section 251 and any rules promulgated thereunder. The Commission has reviewed each of the conclusions reached herein and finds that they are in compliance with the relevant statutes and rules. Under the second standard, the state agency is required to establish rates according to Section 252(d). The third standard requires the state agency to provide a schedule for implementation of the terms and conditions by the parties.

As a final implementation matter, the parties shall file, no later than fifteen calendar days from the date of service of this arbitration decision, the complete interconnection agreement for Commission approval pursuant to Section 252(e) of the Act.

By Order of the Commission this 29th of August, 2000.

Chairman